

Message Text

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12

ACTION TRSE-00

INFO OCT-01 EUR-12 NEA-10 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 L-03 H-02 NSC-05

SS-15 STR-04 CEA-01 PA-01 PRS-01 INT-05 /102 W

----- 122849

R 081434Z APR 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 1821

INFO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY PARIS

LIMITED OFFICIAL USE CAIRO 4696

EO 11652: NA

TAGS: USEGJC, EINV, EG

SUBJECT: ANNOUNCEMENT OF FRENCH TIRE PROJECT

REF: CAIRO 3034

1. PRESS HAS ANNOUNCED THAT DURING ROME VISIT OF PRESIDENT SADAT, MINECON SHAFEI SIGNED AGREEMENT WITH MICHELIN FOR ESTABLISHMENT OF \$50 MILLION TIRE FACTORY IN ALEXANDRIA FREE ZONE. COMPANY WILL BE FORMED BY MICHELIN, HOLDING 60 PERCENT WITH REMAINDER HELD BY UNSPECIFIED EGYPTIAN PUBLIC SECTOR COMPANIES, AND WILL EXPORT 60 PERCENT OF ITS OUTPUT WITH REMAINDER INTENDED FOR EGYPTIAN LOCAL MARKET. MICHELIN IS ALSO TO PROVIDE ASSISTANCE TO IMPROVE OPERATIONS AT EXISTING EGYPTIAN TIRE PLANT.

2. COMMENT: EMBASSY HAD RECEIVED NUMEROUS INDICATIONS THAT GOE WAS LOOKING WITH CONSIDERABLE
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FAVOR ON MICHELIN PROPOSAL. AT TIME OF MARCH

VISIT BY SECTREASURY SIMON, IT WAS CLEAR THAT
GOOD YEAR PROJECT, WHICH INVOLVED GUARANTEES
OF FOREIGN EXCHANGE AVAILABILITY AND WHICH ALSO
HAD RELATIVELY LOWER EXPORT PERCENTAGE, COULD NOT
COMPETE WITH FRENCH, WHO REPORTEDLY WILL NOT
NEED FOREIGN EXCHANGE GUARANTEES AND AT SAME TIME
WILL EXPORT MUCH HIGHER PERCENTAGE. FACT THAT
COMPANY WILL EVENTUALLY BE BASED IN FREE ZONE
MAY SERVE TO EXPLAIN DIFFERENCE IN TWO PROJECTS.
WE INTEND QUERY GOE RE ABOVE REPORT AND EFFECT OF THIS
DEVELOPMENT, IF TRUE, ON GOE CONSIDERATION
OF GOODYEAR OFFER.

3. ACTION REQUESTED: BELEIVE DEPARTMENT SHOULD
INFORM PURCELL OF GOODYEAR OF ABOVE.
EILTS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Draft Date: 08 APR 1976
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Disposition Authority: saccheem
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Margaret P. Grafeld
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04 MAY 2006

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Review Withdrawn Fields: n/a
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TAGS: EINV, EG, USEGJC, (SHAFEI, MOHAMED ZAKI)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006